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Anonymous

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penses are not inflated in the income statement and there is no occasion to show the apportionment of profits as between majority and minority interests. There is no necessity of revaluing the subsidiary investment, or of adjusting the consolidated surplus because of any increment. All income derived from the subsidiary appears in one place in the income statement. Altogether, the method has much to recommend it, with nothing to detract from its usefulness, except a legal fiction which is theoretical rather than practical.

There are two ways in which to look at a situation involving group relationships. One way is to seek the method which will most greatly facilitate the handling of the figures involved. The other is to seek a way of presenting the figures so as to give the best picture obtainable, within reasonable limits, of the aggregate of capital which is being operated through the group relationship. Controlling stock ownership furnishes the basis for a strong argument in favor of taking up profits earned but not distributed by subsidiaries. It scarcely can be construed as authority for extracting an indivisible interest, represented by share-ownership, in specific assets, liabilities, sales, and costs of the underlying company. While that procedure, perhaps, would seem to give a truer picture of the group operations, the legal entity of the subsidiary intervenes to an extent which precludes such steps. The complexities of assets and liabilities make it impracticable to consider the identification therein of share-ownership interests. The nearest approach thereto seems to be recognition of the respective interests in the capital equity and in profits which are only one step removed from realization by the legal technicality of declaring a dividend.

Funding a Fund

IF it were possible to go back four hundred and thirty years and discuss matters with Lucas Pacioli, who laid the foundation for modern accounting, it would be interesting to obtain his views on the use of the term "fund." Probably no other accounting term has been more bandied about than this unfortunate noun.

Definitions leave no doubt as to the meaning of the word. Writers having the weight of authority, and those without, repeatedly have likened it to an asset. One of the oldest usages finds it invariably on the asset side of the balance sheet. And yet, every now and then some author, either through ignorance, or with a desire to block the wheels of progress in the field of terminology, brings in the term on the liabilities side as if it were entirely proper.

The question of what is proper may depend on one's point of view. The Englishman who, when he saw an American balance sheet for the first time, said, "Fancy putting the liabilities on the wrong side," looked at the matter from the only angle he knew. Perhaps he would have said the same thing about funds. The fact, however, remains that there appears to be no necessity for breaking down practices which have become established and are gradually being accepted without better reason than the whim or notion of some individual.

The struggle to bring order out of chaos in the matter of nomenclature has been long and hard. It is still going on with scant measure of progress being exhibited from time to time. The time probably is far distant when accountants, lawyers, engineers, and business men will speak the same accounting language. There are a few things, however, to which one can pin, and argue and contend for. One of these is that a fund is an asset, and no one should be permitted, without objection, to call it anything else.

The occasion for voicing this particular objection arises out of reading an article which recently appeared in a leading publication devoted to accounting matters, on the subject of College and University Accounting. Not once, but several times, the author uses the term "funds" on the liabilities side of the balance sheet, namely, endowment funds, plant funds, and current funds.

Apparently, there is no reason why the nomenclature of a college balance sheet should be made to depart from the traditional set-up of a business organization. The principles of accounting apply as well to a college or a university as any other type of organization. Because a university is obliged to segregate certain units of capital, in order to keep faith with its beneficiaries, is no reason for revising the whole scheme of accounting and accounting terminology.

A university has a miscellaneous assortment of assets, but they classify generally into those which are free or unrestricted in their use and those which constitute a part of some special fund. There is no occasion for ear-marking in any way those assets which are unrestricted. On the other hand, the assets which constitute a part or all of special funds require to be so grouped and specified.

On the liabilities side the integrity of the special funds may be protected by reserve accounts, preferably called "fund reserves," while the remainder, or equity in free assets after setting up the current liabilities, represents the invested capital of the institution. Incidentally, it is absurd to argue that an educational institution cannot have capital. It would be equally unsound to argue that such an institution cannot have assets.

This dissertation may sound like much ado about nothing. It is true there is nothing vital at stake. It is a protest, however, against loose expression, if not loose thinking, in accounting and an appeal for support in clinging to that which is good rather than unconcernedly permitting whoever will to break down the fences which have been built with so much effort.

Book Review

Leffingwell, William Henry. *Office Management, Principles and Practice.* (Chicago, A. W. Shaw Company, 1925. 850 p.). $5.00.

The author is an associate of the American Society of Mechanical Engineers, a member of the Society of Industrial Engineers, a member of the Taylor Society, and president of The Leffingwell-Ream Company.

The text which follows foreword and preface is divided into forty-eight chapters, under eight classifications, viz.:

Theory and principles underlying office management, analysis of the problem of office management, standardization of the product, standardization of the plant, standardization of equipment and materials, standardization of methods, standardization of personnel and methods of control.

The text is interspersed with sixty-seven charts, diagrams, and forms of considerable variety, to which there is a preceding index, and is followed by a bibliography appendix and a copious index of nine pages.

This work is so comprehensive that a review can scarcely do more than touch the high spots in the hope of exciting that interest which the subject well deserves at the hands of many persons. It is not singular that the latter should be true, considering that since 1880 the ratio to population of persons engaged in all kinds of office and clerical work has increased sixfold.

A careful reading of this work will profit any professional accountant, and especially will profit every professional accountant who has office management responsibilities. He surely will find in it many things which, if carefully studied, may well be applied to his own particular job. Incidentally, it might not be amiss for accountants who are engaged in widespread practice to take a leaf from the